

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
September 30, 2006
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4-25-07

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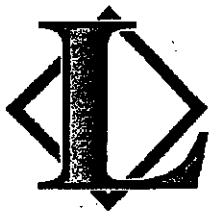
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HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Basic Financial Statements
With Independent Auditors' Reports
As of and for the Year Ended
September 30, 2006
With Supplemental Information Schedules

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

Independent Auditors' Report

To the Board of Commissioners
Housing Authority of the City of DeQuincy
DeQuincy, Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of the City of DeQuincy as of and for the year ended September 30, 2006, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

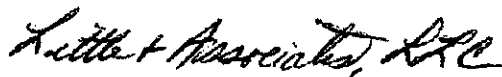
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Housing Authority of the City of DeQuincy as of September 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2007, on our consideration of the Housing Authority of the City of DeQuincy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedule and the other supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of DeQuincy. Such supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Monroe, Louisiana

March 28, 2007

Management's Discussion and Analysis

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2006

We, the management of the Housing Authority of the City of DeQuincy, Louisiana presents the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended September 30, 2006. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's audited financial statements, which follows.

FINANCIAL HIGHLIGHTS

- The Housing Authority's assets exceeded its liabilities by \$1,231,024 at the close of the fiscal year ended 2006.
 - ✓ Of this amount, \$164,880 of unrestricted assets may be used to meet the Housing Authority's ongoing obligations to citizens and creditors. This amount equals 53% of the total operating expenses, excluding depreciation, for the fiscal year 2006, which means the Authority could operate about six months using the unrestricted assets alone.
 - ✓ The remainder of \$1,066,144 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, and equipment.
- The Housing Authority's total net assets decreased by \$12,191, a 1% change from the prior fiscal year 2005.
- The Authority spent \$153,936 on significant capital asset additions for refrigerators, stoves, office equipment, a lawnmower, and building improvements
- The Housing Authority continues to operate without the need for debt borrowing.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special- purpose government engaged only in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements.

The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *balance sheet* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2006

The *statement of revenue, expenses and changes in net assets* presents information detailing how the Housing Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The *statement of cash flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U. S. Department of Housing and Urban Development (HUD) and dwelling rentals.

HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS

The Housing Authority has many programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

Low-Income Public Housing – Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income families. The Conventional Public Housing Program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the Housing Authority to provide housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program – The Conventional Public Housing Program also includes the Capital Fund Program, the primary funding source for the Housing Authority's physical and management improvements. The formula funding methodology is based on size and age of the Housing Authority's units.

FINANCIAL ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Housing Authority has only one fund type, namely an enterprise fund which is a proprietary fund type. The Housing Authority maintains one fund - the general fund, which is used to account for the low rent and capital fund programs. The fund financial statements can be found on pages 9 through 13 of this report.

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2006

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 14 through 22 of this report.

Net Assets and Changes in Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets exceeded liabilities by \$1,231,024 at September 30, 2006. By far the largest portion of the Housing Authority's net assets (87%) reflects its investments in capital assets (e.g., buildings, machinery, and equipment). The Housing Authority uses these capital assets to provide housing services to residents. The unrestricted net assets of the Housing Authority are available for future use to provide program services. An analysis of net assets and changes in net assets is as follows:

	2006	2005
Current assets	\$ 177,409	\$ 138,915
Restricted Assets	11,485	11,215
Capital assets, net	1,066,144	1,138,599
Total assets	1,255,038	1,288,729
Current liabilities	7,119	29,424
Current liabilities payable from restricted assets	11,485	11,215
Non- Current Liabilities	5,410	4,875
Total liabilities	24,014	45,514
Net assets		
Invested in capital assets, net of related debt	1,066,144	1,138,599
Unrestricted	164,880	104,616
Total net assets	\$ 1,231,024	\$ 1,243,215

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2006

Change in Net Assets

Changes in Net Assets

	2006	2005
Revenues:		
Rental Revenue	\$ 141,955	\$ 119,429
Federal Grants - Operating	139,525	197,888
Federal Grants - Capital	103,367	29,781
Other	138,672	20,357
Total revenues	<u>523,519</u>	<u>367,455</u>
Expenses:		
Administration	152,746	132,464
Tenant services	150	1,956
Utilities	18,125	20,441
Ordinary maintenance and operations	87,375	141,422
General and Other	61,170	50,567
Depreciation	216,144	209,154
Total expenses	<u>535,710</u>	<u>556,004</u>
Change in net assets	(12,191)	(188,549)
Beginning net assets	<u>1,243,215</u>	<u>1,431,764</u>
Ending net assets	<u>\$ 1,231,024</u>	<u>\$ 1,243,215</u>

Total revenues increased by \$156,064 due primarily to:

- Gain on damage to property caused by Hurricane Rita of \$106,387.
- Increase in federal capital fund program grants of \$73,586
- Decrease in federal operating grant funds of \$58,363.

Total expenses decreased by \$20,294 due primarily to:

- Decrease in ordinary maintenance and operations.

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A) September 30, 2006

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

As of September 30, 2006, the Housing Authority's investment in capital assets was \$1,066,144 (net of accumulated depreciation) as reflected in the following schedule. This amount represents a decrease (including additions, deductions, and depreciation) of \$72,455.

Capital Assets

	2006	2005
Land	\$ 95,255	\$ 95,255
Leasehold improvements	520,767	520,767
Buildings and improvements	3,889,920	3,796,708
Furniture and equipment	144,325	130,466
Totals	<u>4,650,267</u>	<u>4,543,196</u>
Less accumulated depreciation	<u>(3,584,123)</u>	<u>(3,404,597)</u>
Total Capital Assets, Net	<u>\$ 1,066,144</u>	<u>\$ 1,138,599</u>

Major capital asset purchases during the year ended September 30, 2006, included refrigerators, stoves, office equipment, a lawnmower, and building improvements.

Additional information on the Housing Authority's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

Long-term debt includes accrued annual vacation leave due to employees. The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The budgets for 2007 fiscal year have already been submitted to HUD for approval and no major changes are expected.

Housing Authority of the City of DeQuincy, Louisiana

Management's Discussion and Analysis (MD&A)

September 30, 2006

The Capital Fund Programs are multiple year budgets and have remained relatively stable. Funding from the Program's Capital Fund is used for the modernization of public housing properties including administrative fees involved in the modernization. The Housing Authority has approximately \$158,240 of approved funding available for future spending under the Capital Fund Program.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Joan Van Aernam, Executive Director, at the Housing Authority of the City of Dequincy, P. O. Box 126, Dequincy, LA 70633-0126.

Basic Financial Statements

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

BALANCE SHEET
ENTERPRISE FUNDS
SEPTEMBER 30, 2006

	<u>GENERAL</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 101,997
Investments	20,986
Accounts receivable (net of allowances for uncollectible accounts)	37,897
Inventory	1,209
Prepaid expenses	<u>15,320</u>
Total Current Assets	<u>177,409</u>
Restricted Assets:	
Cash and cash equivalents	<u>11,485</u>
Total Restricted Assets	<u>11,485</u>
Noncurrent Assets:	
Capital assets:	
Land	95,255
Buildings and equipment (net of accumulated depreciation)	<u>970,889</u>
Total Noncurrent Assets	<u>1,066,144</u>
TOTAL ASSETS	<u><u>\$ 1,255,038</u></u>

(CONTINUED)

The accompanying notes are an integral part of this statement.

STATEMENT A

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

BALANCE SHEET
ENTERPRISE FUNDS
SEPTEMBER 30, 2006

	<u>GENERAL</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 3,803
Accrued wages and payroll taxes	26
current portion	<u>3,290</u>
Total Current Liabilities	<u>7,119</u>
Current Liabilities Payable from	
restricted assets - tenant security deposits	<u>11,485</u>
Non Current Liabilities:	
Accrued compensated absences -	
net of current portion	<u>5,410</u>
Total Non-Current Liabilities	<u>5,410</u>
Total Liabilities	<u>24,014</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,066,144
Unrestricted	<u>164,880</u>
Total Net Assets	<u>1,231,024</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,255,038</u></u>

(CONCLUDED)

The accompanying notes are an integral part of this statement.

STATEMENT B

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>GENERAL</u>
OPERATING REVENUES	
Dwelling rental	\$ 141,955
Other	31,141
Total Operating Revenues	<u>173,096</u>
OPERATING EXPENSES	
Administration	152,746
Tenant services	150
Utilities	18,125
Ordinary maintenance and operations	87,375
General expenses	50,668
Depreciation	216,144
Total Operating Expenses	<u>525,208</u>
OPERATING INCOME (LOSS)	<u>(352,112)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,144
Federal grants	139,525
Loss on disposition of equipment	(10,502)
Casualty gain	106,387
Total Nonoperating Revenues (Expenses)	<u>236,554</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(115,558)</u>
Capital contributions	<u>103,367</u>
CHANGE IN NET ASSETS	<u>(12,191)</u>
TOTAL NET ASSETS - BEGINNING	<u>1,243,215</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ 1,231,024</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT C

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>GENERAL</u>
Cash Flows From Operating Activities	
Dwelling rent receipts	\$ 140,017
Other receipts	31,141
Payments to suppliers	(171,845)
Payments to employees	<u>(146,220)</u>
Net Cash Provided (Used) by Operating Activities	<u>(146,907)</u>
Cash Flows From NonCapital Financing Activities	
Insurance recovery proceeds from casualty	229,281
Casualty repairs	(122,894)
Federal grants	<u>139,525</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>245,912</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(153,293)
Federal capital grants	<u>72,031</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(81,262)</u>
Cash Flows From Investing Activities	
Purchase of investments	(595)
Interest and dividends received	<u>1,068</u>
Net Cash Provided (Used) by Investing Activities	<u>473</u>
Net Increase in Cash and Cash Equivalents	18,216
Cash and Cash Equivalents, Beginning of Year	<u>96,166</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 114,382</u></u>

(CONTINUED)

The accompanying notes are an integral part of this statement.

STATEMENT C

HOUSING AUTHORITY OF THE CITY OF DEQUINCY

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

GENERAL

**Reconciliation of Operating Income to Net Cash Provided (Used)
by Operating Activities**

Operating income (loss)	\$ (352,112)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	216,145
Changes in assets and liabilities:	
(Increase) decrease in interprogram receivables	-
(Increase) decrease in inventories	(936)
(Increase) decrease in prepaid items	(1,526)
Increase (decrease) in accounts payable	(132)
Increase (decrease) in accrued payroll and payroll taxes	(1,085)
Increase (decrease) in tenant security deposits	270
Increase (decrease) in interprogram payables	-
Increase (decrease) in due to other governmental entities	(10,569)
Total Adjustments	<u>205,205</u>
Net Cash Provided by Operating Activities	<u>\$ (146,907)</u>
Cash and Cash Equivalents Reported as Follows:	
Statement A - Current Assets	\$ 101,997
Statement A - Restricted Assets	<u>11,485</u>
Total Cash and Cash Equivalents	<u>\$ 113,482</u>

(CONCLUDED)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Housing Authority of the City of DeQuincy, Louisiana (the "Housing Authority") was chartered as a public corporation for the purpose of providing safe and sanitary housing, as authorized by Louisiana Revised Statute 40:391. The Housing Authority is governed by a five-member board of commissioners, who are appointed by the Honorable Mayor of the City of DeQuincy, Louisiana (the "City"). The members of the board of commissioners serve staggered four-year terms without benefit of compensation.

The Housing Authority has the following units:

	<u>Number of Units</u>
PHA Owned Housing	80

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority of the City of DeQuincy, Louisiana is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As defined by GASB Statement No. 14, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization and not a component unit of the City of DeQuincy, Louisiana since (a) the City appoints a voting majority of the Housing Authority's governing board, and (b) the City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of DeQuincy, Louisiana.

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by U. S. generally accepted accounting principles, these financial statements present the Housing Authority (the primary government) and its component units. Component units that are legally separate from the Housing Authority but are so intertwined with the Housing Authority that they are, in substance, the same as the Housing Authority are blended component units. For a component unit to be blended, the entity's board and the Housing Authority's board must be substantively the same, or the entity must provide services entirely or almost entirely to the Housing Authority.

Based on the previous criteria, the Housing Authority has determined that the following blended component unit should be considered as part of the Housing Authority reporting unit:

DeQuincy Housing, Inc.

DeQuincy Housing, Inc. is a nonprofit entity formed by the Housing Authority to create another avenue to provide low-income housing and is an entity legally separate from the Housing Authority. However, the Board of Directors of DeQuincy Housing, Inc. consists entirely of the Board of Commissioners of the Housing Authority. As such, the Housing Authority can impose its will on DeQuincy Housing, Inc. It is noted that DeQuincy Housing, Inc. is an inactive entity and has had no financial transactions.

B. BASIS OF PRESENTATION AND FUND ACCOUNTING

The accounts of the Housing Authority are organized and operated on a fund basis whereby a self-balancing set of accounts, which comprise the Housing Authority's assets, liabilities, net assets, revenues, and expenses, is maintained. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. The general fund accounts for the transactions of the public housing low rent program and the capital fund program.

The Housing Authority's operating revenues include dwelling rentals, charges, and other revenues paid by the tenants of the Housing Authority's projects. Revenues that are not classified as operating revenues are presented as nonoperating revenues.

The accompanying basic financial statements of the Housing Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in September 1999 by the Governmental Accounting Standards Board.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary funds are reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGET PRACTICES

The Housing Authority adopted budgets for all funds. Budgets for the Capital Funds Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. Such budgets are controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners and, in some instances, HUD; however, the Executive Director is authorized to transfer amounts between line items within the low rent program provided such transfer does not change the total of any function. Monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Formal budgetary integration is employed as a management control device during the year.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits having an original maturity of ninety days or less, and cash with the fiscal agent. Under state law, the Housing Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Housing Authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

F. INVESTMENTS

Financial instruments having original maturities exceeding ninety days are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are reported at either fair value or amortized cost.

G. BAD DEBTS

Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

H. INTERNAL BALANCES

During the course of operations, numerous transactions occur between individual funds and programs for services rendered or for reimbursement of costs paid by one fund or program on behalf of another fund or program. These receivables and payables are classified in internal balances on the balance sheet. The internal balances are eliminated at the primary government level in the balance sheet.

I. INVENTORY

Inventory is reported at the lower of cost or market using the first-in, first-out method.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

J. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

K. TENANTS' REFUNDABLE SECURITY DEPOSITS

The Housing Authority requires tenants to place a deposit before moving into a unit. These deposits are considered restricted and are held until the tenant moves out.

L. CAPITAL ASSETS

Capital assets of the Housing Authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives as shown:

Buildings	33 years
Building and site improvements	15 years
Leasehold improvements	15 years
Office and maintenance equipment	3-7 years

M. COMPENSATED ABSENCES

Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment of 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification C60 is recognized as a current year expense when leave is earned.

N. RESTRICTED NET ASSETS

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

O. RISK MANAGEMENT

The Housing Authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Housing Authority maintains commercial insurance policies covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years, which exceeded the

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended September 30, 2006.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

At September 30, 2006, the Housing authority has demand deposits (book balances) totaling \$113,382. These deposits are stated at cost, which approximates fair value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At September 30, 2006, the Housing Authority's investments included investments in certificates of deposit in a local financial institution. The certificates of deposit are reported in the financial statements at their amortized cost of \$20,986.

Deposit balances (bank balances) at September 30, 2006, total \$145,876, are fully secured by federal deposit insurance and pledged securities, and are not subject to custodial credit risk.

3. RESTRICTED ASSETS

Restricted assets at September 30, 2006, consist of tenants' deposits held by the Housing Authority in the amount of \$11,485.

4. RECEIVABLES

The following is a summary of receivables, net of allowance for doubtful accounts, at September 30, 2006:

Tenants	\$ 20
Interest	76
Housing and Urban Development	<u>37,801</u>
Total	<u>\$ 37,897</u>

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

5. FIXED ASSETS

The following presents the changes in fixed assets for the year ended September 30, 2006:

	Balance at October 1, 2005	Additions	Deletions	Balance at September 30, 2006
Land	\$ 95,255	\$ -	\$ -	\$ 95,255
Buildings and improvements	3,796,708	93,214	-	3,889,920
Site improvements	520,767	-	-	520,767
Furniture and equipment	130,466	60,722	(46,862)	144,325
Total	4,543,196	153,936	(46,862)	4,650,267
Less accumulated depreciation:				
Buildings and improvements	2,851,172	187,825	-	3,038,997
Site improvements	465,972	8,825	-	474,797
Furniture and equipment	87,453	22,470	(39,592)	70,329
Total	3,404,597	219,120	(39,592)	3,584,123
Fixed assets, net	\$ 1,138,598	\$ (65,184)	\$ (7,270)	\$ 1,066,144

6. RETIREMENT PLAN

The Housing Authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, which are members of the Louisiana Housing Council. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the plan on the first day of the month after completing three months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to six percent (6%) of each participant's basic (excludes overtime) compensation. Employees are required to contribute six percent (6%) of their annual covered salary.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the Housing Authority. With the Housing Authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The Housing Authority made the required contributions of \$5,902 for the year ended September 30, 2006. The employees of the Housing Authority contributed \$5,902 into the plan for the year ended September 30, 2006.

7. COMPENSATED ABSENCES

At September 30, 2006, employees of the Housing Authority had accumulated and vested \$8,700 of employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities within the fund from which payment will be made.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the various funds when leave is actually taken or when employees are paid for accrued annual leave upon resignation or retirement, while the cost of leave privileges not requiring current resources is considered a long-term obligation.

8. LONG-TERM OBLIGATIONS

Long-term obligations consist of compensated absences in the amount of \$5,410. The following is a summary of long-term obligations for the year ended September 30, 2006:

Balance at September 30, 2005	\$ 4,875
Additions	5,056
Deletions	(1,231)
Subtotal	<u>8,700</u>
Less: Current portion	<u>(3,290)</u>
Long-term balance at September 30, 2006	<u>\$ 5,410</u>

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2006

9. LITIGATION AND CLAIMS

In March 2006, a wrongful termination lawsuit was filed against the Housing Authority by a former employee. The Housing Authority has retained legal counsel and intends to vigorously contest the lawsuit. Due to incomplete discovery in this case, any prediction of outcome is premature.

10. COMMITMENTS AND CONTINGENCIES

The Housing Authority operates in accordance with the requirements of an Annual Contribution Contract. The Housing Authority's noncompliance with such contract may result in a reduction of funding from HUD.

The Housing Authority has certain major renovation projects in progress at September 30, 2006, that are funded by HUD. Funds are requested periodically as the costs are incurred.

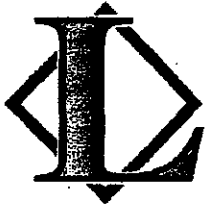
The Housing Authority participates in a number of federal grant programs. The Housing Authority's compliance with the terms, conditions, laws, and regulations relevant to the grant programs may be subject to examination by Federal regulators. Such examinations could lead to the grantor agency's request for reimbursement from the Housing Authority for expenditures disallowed under the grant program.

11. HURRICANE RITA DAMAGE

During September 2005, many of the Housing Authority's units received damage as a result of Hurricane Rita. The damages to the units were covered by insurance to the extent of the insurance deductible. Insurance recovery proceeds totaled \$229,281, all of which had been received as of September 30, 2006. As of September 30, 2006, all repairs have been completed.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on
Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Commissioners
Housing Authority of the City of DeQuincy
DeQuincy, Louisiana

We have audited the financial statements of the business-type activities and each major fund of the Housing Authority of the City of DeQuincy as of and for the year ended September 30, 2006, and have issued our report thereon dated March 28, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of DeQuincy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of DeQuincy's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Housing Authority of the City of DeQuincy, its management and oversight agencies, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, LLC

Monroe, Louisiana

March 28, 2007

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2006

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Housing Authority of the City of DeQuincy, Louisiana.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the City of DeQuincy, Louisiana were disclosed during the audit.

Audit of Federal Awards

Not Applicable

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

Not Applicable

**HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2006**

Financial Statement Audit

There were no audit findings reported for the year ended September 30, 2005.

Supplemental Information

**HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana**

**Schedule of Compensation Paid Board Members
For the Year Ended September 30, 2006**

The members of the Board of Commissioners serve a staggered four-year term without compensation. The Board consists of the following members at September 30, 2006:

Bud Royer

Ralph Mitchell

Wesley Wells

Loyce Weaver

Jerry McCaig

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Statement of Actual Modernization Cost Certificate
For the Year Ended September 30, 2006

1. The actual modernization costs for the completed modernization program is as follows:

	Modernization Project Number LA-48-P106501- 04 <hr/>
Funds Approved	\$129,896
Funds Disbursed	<hr/> 129,896
Excess of Funds Approved	<hr/> NONE
Funds Advanced	\$129,896
Funds Expended	<hr/> 129,896
Excess of Funds Advanced	<hr/> NONE

2. The distribution of costs as shown on the Actual Modernization Cost Certificate dated September 11, 2006, for the above project is in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been charged through payment.

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
ASSETS:				
CURRENT ASSETS:				
Cash:				
111	Cash - unrestricted	\$ 101,997	-	101,997
114	Cash - tenant security deposits	11,485	-	11,485
100	Total Cash	113,482	-	113,482
Accounts and notes receivables:				
122	Accounts receivable - HUD other projects	-	37,801	37,801
126	Accounts receivable - tenants - dwelling rents	20	-	20
129	Accrued interest receivable	76	-	76
120	Total receivables, net of allowances for doubtful accounts	96	37,801	37,897
Current investments:				
131	Investments - unrestricted	20,986	-	20,986
142	Prepaid expenses and other assets	15,320	-	15,320
143	Inventories	1,209	-	1,209
143.1	Allowance for obsolete inventories	-	-	-
144	Inter-program - due from	37,801	-	37,801
150	TOTAL CURRENT ASSETS	188,894	37,801	226,695

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
	NONCURRENT ASSETS:			
	Fixed assets:			
161	Land	95,255	-	95,255
162	Buildings	3,794,959	94,962	3,889,921
163	Furniture, equipment & machinery - dwellings	49,370	5,041	54,411
164	Furniture, equipment & machinery - administration	60,065	29,849	89,914
165	Leasehold improvements	520,767	-	520,767
166	Accumulated depreciation	(3,567,083)	(17,040)	(3,584,123)
160	Total fixed assets, net of accumulated depreciation	953,333	112,812	1,066,145
180	TOTAL NONCURRENT ASSETS	953,333	112,812	1,066,145
190	TOTAL ASSETS	\$ 1,142,227	\$ 150,613	\$ 1,292,840

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
Current liabilities:				
312	Accounts payable <=90 days	\$ 3,803	\$ -	\$ 3,803
321	Accrued wages/payroll taxes payable	26	-	26
322	Accrued compensated absences - current portion	3,290	-	3,290
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	11,485	-	11,485
347	Inter-program due to	-	37,801	37,801
310	TOTAL CURRENT LIABILITIES	18,604	37,801	56,405
Noncurrent liabilities:				
351	Long-term debt, net of current - capital projects/	5,410	-	5,410
354	Accrued compensated absences - non-current	-	-	-
350	TOTAL NONCURRENT LIABILITIES	5,410	-	5,410
300	TOTAL LIABILITIES	24,014	37,801	61,815
NET ASSETS:				
508.1	Invested in capital assets, net of related debt	953,333	112,812	1,066,145
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	164,880	-	164,880
513	TOTAL NET ASSETS	1,118,213	112,812	1,231,025
600	TOTAL LIABILITIES AND NET ASSETS	\$ 1,142,227	\$ 150,613	\$ 1,292,840

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
REVENUE:				
703	Net tenant rental revenue	\$ 141,955	\$ -	\$ 141,955
704	Tenant revenue - other	7,467	-	7,467
705	Total tenant revenue	149,422	-	149,422
706	HUD PHA operating grants	117,768	21,757	139,525
706.1	Capital grants	-	103,367	103,367
711	Investment income-unrestricted	1,144	-	1,144
715	Other revenue	252,955	-	252,955
716	Gain/loss on sale of fixed assets	(10,502)	-	(10,502)
700	TOTAL REVENUE	510,787	125,124	635,911
EXPENSES:				
Administrative				
911	Administrative salaries	72,425	-	72,425
912	Auditing fees	6,500	-	6,500
914	Compensated absences	1,231	-	1,231
915	Employee benefit contributions - administrative	28,610	-	28,610
916	Other operating - administrative	35,039	8,943	43,982
	Subtotal	143,805	8,943	152,748
Tenant services				
924	Tenant services - other	150	-	150
	Subtotal	150	-	150
Utilities				
931	Water	6,986	-	6,986
932	Electricity	9,609	-	9,609
933	Gas	198	-	198
938	Other utilities expense	1,332	-	1,332
	Subtotal	18,125	-	18,125

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	31,612	-	31,612
942	Ordinary maintenance and operations - materials & other	7,013	4,076	11,089
943	Ordinary maintenance and operations - contract costs	23,444	8,740	32,184
945	Employee benefit contributions - ordinary maintenance	12,488	-	12,488
	Subtotal	74,557	12,816	87,373
	General expenses			
961	Insurance premiums	34,480	-	34,480
963	Payments in lieu of taxes	12,443	-	12,443
964	Bad debts - tenant rents	3,745	-	3,745
	Subtotal	50,668	-	50,668
969	TOTAL OPERATING EXPENSES	287,305	21,759	309,064
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	223,482	103,365	326,847
971	Extraordinary maintenance	-	-	-
972	Casualty losses - non-capitalized	122,894	-	122,894
973	Housing assistance payments	-	-	-
974	Depreciation expense	204,155	11,988	216,143
900	TOTAL EXPENSES	614,354	33,747	648,101
	OTHER FINANCING SOURCES (USES)			
1001	Operating transfers in	-	-	-
1002	Operating transfers out	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	\$ (103,567)	\$ 91,377	\$ (12,190)

HOUSING AUTHORITY OF THE CITY OF DEQUINCY
DeQuincy, Louisiana

Financial Data Schedule
For the Year Ended September 30, 2006

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Totals
1102	Debt principal payments - enterprise funds	\$ -	\$ -	\$ -
1103	Beginning equity	\$ 1,169,830	\$ 73,385	\$ 1,243,215
1104	Prior period adjustments, equity transfers, and correction of errors	\$ 51,950	\$ (51,950)	\$ -
1114	Maximum Annual Contributions Commitment (Per Acc)			
1115	Contingency reserve, ACC program reserve	\$ -	\$ -	\$ -
1116	Total annual contributions available	\$ -	\$ -	\$ -
1120	Unit months available	942	-	942
1121	Number of unit months leased	856	-	856